

2nd April 2019

KEY DECISION? YES/NO

BUSINESS RATES – DISCRETIONARY RATE RELIEF

SUMMARY AND RECOMMENDATIONS:

SUMMARY

Places Leisure is currently responsible the payment of Business Rates on the two leisure centres in the Borough, Farnborough Leisure Centre and the Aldershot Pools Complex.

Places Leisure was awarded 100% Discretionary Rate Relief by cabinet at their meeting on 2nd May 2017. The award expired in February 2019 when the leisure management contract was due to expire.

However, for reasons outlined in this report, the leisure management contract has been extended to 31 March 2021

The purpose of this report is to approve an extension of Discretionary Rate Relief awarded to Places Leisure in line with the extension to the leisure management contract to 31 March 2021.

RECOMMENDATIONS

Cabinet is recommended to extend the award of 100% Discretionary Rate Relief to Places Leisure to 31 March 2021 in line with the recent extension to the leisure management contract.

1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief; and
- Consider extending Discretionary Rate Relief for Places Leisure in line with the recent extensions to the leisure management contract.

2. BACKGROUND

2.1 Mandatory Relief is available at 80% of the rates payable, and to qualify an organisation must:

- Occupy a property or rating hereditament which is used wholly or mainly for charitable purposes, and
- Be established for charitable purposes only, or
- Be accredited as a community amateur sports club.

2.2 A local authority had discretion to grant “top up” relief of up to the additional 20% to charities that have received the 80% mandatory relief.

2.3 In addition, an authority can grant relief of up to 100% to other ratepayers.

3. APPLICATION FOR RELIEF

3.1 Places Leisure (formerly known as Places for People Leisure), is a property management, development and regeneration company. They had previously acquired the company DC Leisure – a leisure management contractor that manages around 100 leisure facilities on behalf of 28 local authorities.

3.2 Places Leisure currently manages both Farnborough Leisure Centre and the Aldershot Pools Complex on the Council’s behalf.

3.3 On April 2017, a report went to cabinet and it was resolved that Places Leisure would be awarded 100% Discretionary Rate Relief until the end of the current contract, which was due to expire February 2019.

3.4 The leisure management contract for the Farnborough Leisure Centre and Aldershot Pools Complex was due for renewal in February 2019 and a tendering process drawn up for a new contract. However, the timing of this procurement has been delayed as it is dependent on decisions relating to the regeneration of the Civic Quarter area of Farnborough, currently the location of the Farnborough Leisure Centre.

3.5 Now that Public views and options for the overall Civic Quarter site are currently being sought and a master plan to follow in the Spring 2019, it is possible to start the procurement process for a new leisure contract.

3.6 Given the time required to undertake the procurement process, it has been necessary to extend the current leisure management contract in the meantime.

3.7 Therefore, on 18 September 2017, a report went to cabinet and it was resolved that Places Leisure management contract would be extended to 31 March 2021.

- 3.8 As the basis of the contract remain the same, including the current management fee, it would also make sense that the arrangements regarding Discretionary Rate Relief will remain the same.

4. IMPLICATIONS (of proposed course of action)

FINANICAL IMPLICATIONS

- 4.1 Since 1 April 2013, the business rates retention scheme has introduced a fundamentally new set of arrangements for dealing with the costs of business rates. The cost to grant any relief is most reliably estimated at being 40% of the relief granted. Although the total cost is ultimately determined by a number of factors, such as the Council's total rate receipts measured against its estimated threshold for growth, taking into account any payment levies or safety net contributions payable or receivable.
- 4.2 The remaining 60% of the costs will be met by Central Government (50%), Hampshire County Council (9%) and Hampshire Fire and Rescue Authority (1%), under the Business Rates Retention Scheme.
- 4.3 **Farnborough Leisure Centre** – the Business Rates payable for the financial year 2018/19 is £173,782.50. Assuming 100% discretionary relief is awarded, the financial effect on the Council would be £69,513.00.

Aldershot Pools Complex - the Business Rates payable for the financial year 2018/19 is £102,544.00. Assuming 100% discretionary relief is awarded, the financial effect on the Council would be £41,017.60.

Legal Implications

- 4.4 The recommendation to award relief follows falls within Section 47 Local Government Act 1988.

5 RISKS

- 5.1 If discretionary rate relief were awarded at 100% for both Farnborough Leisure Centre and Aldershot Pools Complex, the financial impact on the Council would be £110,530.60.
- 5.2 However, should discretionary relief not be awarded the management fee will be adjusted to take into account Places Leisure paying the Business Rates.

6. CONCLUSIONS

- 6.1 In conclusion, Cabinet are asked to extend the award of 100% Discretionary Rate Relief until 31 March 2021 in line with the extension to the leisure management contract.

- 6.2 The Corporate and Democratic Services Portfolio Holder is supportive of the award of relief as set out in this report.

BACKGROUND DOCUMENTS:

1. Local Government Finance Act 1988, Section 47.
2. Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 989/1059).
3. Office of Deputy Prime Minister "Guidance on rate reliefs for charities and other non-profit organisations, issued December 2002.

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